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FINANCIAL NEWS AND COMMENT

The Long Looked For Lehigh Coal Sales Company Created.

GENERAL MARKET RECOVERY Rise in Interest in Bonds Increasing.

Although the most active stock in the security list yesterday was Reading common, and this stock enjoyed a greater rise than any other, the leading topic of discussion in Wall Street was the announcement made several hours after the close of business on Thursday of the formation of a coal selling agency by the Lehigh Valley Railroad Company.

The Lehigh directors, instead of making an alternative proposition to the stockholders either to consent to a cash dividend of 10 percent or to the stock of a new coal selling agency, have declared a cash dividend outright of 10 percent, upon the present Lehigh Valley stock, which when received by the stockholder can be applied or not to the purchase of Lehigh Valley Coal Sales Company stock as the stockholder chooses.

No doubt the value of the new stock depends upon the amount of earnings the company can make and the dividend rate that will be maintained. As to this it is only sufficient to say upon trustworthy authority that it is the intention of the Lehigh Valley management to pay dividends on the new stock at the rate of 10 percent. It may also be said upon the same authority that there is no question whatever that the Lehigh Valley Railroad Company as a transportation company alone, that is outside of the profits which will hereafter accrue to the Coal Sales Company exclusively, can safely continue its present dividend distribution of 10 percent per annum.

The cause of the large buying and great rise that took place yesterday in Reading stock was rather vaguely defined, but appeared to proceed from the impression made upon speculators that the hard coal mining and transportation business was somewhat more profitable than they had previously imagined. Outside of this matter yesterday there were only two incidents of importance in the general news—the publication of the Southern Pacific's annual statement and the other more emphatic indications that have hitherto been presented of the accumulation of surplus funds in the local banks. Southern Pacific's report showed earnings of 9.56 per cent in the stock for the year ended June 30, which compared with nearly 13 per cent in the preceding year, but it was duly remembered that the earnings in the previous year included a distribution of about 1.68 per cent from proceeds accruing to the company from its holdings of Wells-Fargo stock. The usual advance compilations of the movements of money during the week indicated that the clearing House banks have gained nearly \$20,000,000, but the bank loan account of the week has unquestionably been enlarged as the result of extensions of credit to foreign borrowers. The bank surplus, therefore, may not show as large an increase as the figures quoted would suggest. Dealings in bond buying of investment securities was plainly increased.

Closing Prices of United States Bonds. 2 per cent 100 100 1/2 100 100 1/2 3 per cent 100 100 1/2 100 100 1/2 4 per cent 100 100 1/2 100 100 1/2 5 per cent 100 100 1/2 100 100 1/2

FOREIGN BONDS. German Consols Bid. Asked. 4 1/2 4 1/2 5 5 1/2 6 6 1/2 7 7 1/2 8 8 1/2 9 9 1/2 10 10 1/2 11 11 1/2 12 12 1/2 13 13 1/2 14 14 1/2 15 15 1/2 16 16 1/2 17 17 1/2 18 18 1/2 19 19 1/2 20 20 1/2 21 21 1/2 22 22 1/2 23 23 1/2 24 24 1/2 25 25 1/2 26 26 1/2 27 27 1/2 28 28 1/2 29 29 1/2 30 30 1/2 31 31 1/2 32 32 1/2 33 33 1/2 34 34 1/2 35 35 1/2 36 36 1/2 37 37 1/2 38 38 1/2 39 39 1/2 40 40 1/2 41 41 1/2 42 42 1/2 43 43 1/2 44 44 1/2 45 45 1/2 46 46 1/2 47 47 1/2 48 48 1/2 49 49 1/2 50 50 1/2 51 51 1/2 52 52 1/2 53 53 1/2 54 54 1/2 55 55 1/2 56 56 1/2 57 57 1/2 58 58 1/2 59 59 1/2 60 60 1/2 61 61 1/2 62 62 1/2 63 63 1/2 64 64 1/2 65 65 1/2 66 66 1/2 67 67 1/2 68 68 1/2 69 69 1/2 70 70 1/2 71 71 1/2 72 72 1/2 73 73 1/2 74 74 1/2 75 75 1/2 76 76 1/2 77 77 1/2 78 78 1/2 79 79 1/2 80 80 1/2 81 81 1/2 82 82 1/2 83 83 1/2 84 84 1/2 85 85 1/2 86 86 1/2 87 87 1/2 88 88 1/2 89 89 1/2 90 90 1/2 91 91 1/2 92 92 1/2 93 93 1/2 94 94 1/2 95 95 1/2 96 96 1/2 97 97 1/2 98 98 1/2 99 99 1/2 100 100 1/2

NEW YORK STOCK EXCHANGE PRICES. Railroad and Other Shares. FRIDAY, JANUARY 12, 1912.

Table of New York Stock Exchange prices for various railroads and other shares, including columns for Bid, Ask, Sales, Opening, High, Low, Last, and Net Change.

BID AND ASKED PRICES. Closing prices of stocks in which there were no transactions yesterday.

Table of bid and asked prices for various stocks, including columns for Bid, Ask, and Last.

DIVIDENDS PAYABLE. Daily Treasury Statement.

Table of dividends payable and daily treasury statement, including columns for Company and Term, Stock, Amt, and Date.

DAILY TREASURY STATEMENT. RECEIPTS AND EXPENDITURES.

Table of daily treasury statement receipts and expenditures, including columns for Receipts, Expenditures, and Balance.

RESERVE FUND. TRUST FUNDS. GENERAL FUND.

Table of reserve fund, trust funds, and general fund, including columns for Fund Name and Amount.

RAILROAD AND OTHER BONDS. SOUTHERN PACIFIC ANNUAL REPORT.

Advance Sheets Show a Falling Off in Earnings—Surplus of 9.56 Per Cent. CALIFORNIA DEVELOPMENT Investments in Traction Lines There as Likely to Prove Profitable.

The report shows a surplus of 9.56 per cent earned on the \$272,675,731 outstanding stock, as compared with the 13 per cent earned on the same stock in the preceding year. The previous period's report included, however, 1.68 per cent earned from an extra dividend. Fargo & Co. dividend. The company's assets stood at \$1,128,182,429, with a profit and loss surplus of \$14,758,053, a gain of \$9,934,000 over 1910. The company's 13,809,075 acres of valuable timber and oil lands are not included as assets. Gross earnings were \$132,420,539, against \$135,022,697 a year previous. Expenses were \$9,855,561, against \$7,784,222. Net earnings were \$42,764,078, against \$47,238,385. Capital expenditures were \$53,373,055, of which \$12,620,386 was for stocks and bonds. Of the balance spent for new lines and improvements, \$11,655,497 was charged to capital account.

A feature of the report relates to the Southern Pacific's traction investments. It owns all of the \$20,000,000 stock of the Pacific Electric Railway Company and in the year bought \$43,000,000 worth of stock in other California traction concerns. Its advances to these lines now total \$20,922,330. The funded debt increased \$43,865,610. The current indebtedness to Union Pacific increased \$9,105,736. At the end of the year the company had on hand more than \$29,000,000 in ready cash funds. The ratio of rail lines expense to gross revenues was 61.13 per cent, against 59.03 per cent a year ago. Maintenance of equipment 3.14 per cent, less. Taxes, increased 7.32 per cent. Total income decreased \$5,533,810, or 14.76 per cent. The surplus over interest and charges was less than that of 1910 by 20.35 per cent.

President Lovett says in his remarks to stockholders: "The many attractions of California to tourists, and as a place for village and suburban residences, as well as for outdoor life generally, with its temperate climate and the absence of snow, make it an attractive field for suburban electric railway transportation. The lines of the Southern Pacific Company acquired 50 per cent of the capital stock of the Pacific Electric Railway Company, which has been previously projected and was then rapidly extending from Los Angeles into a large radius of Southern California an extensive system of suburban electric railways designed to carry freight as well as passengers. The suburban districts of Southern California served by these lines, as well as others into which it is designed in due time to extend them, are developing and the population is increasing rapidly. Therefore it is believed that the lines will soon become not only profitable in and of themselves, but will be of very great value as feeders to the main road lines operated by the Southern Pacific. The revolutionary movement in the Republic of Mexico did not manifest in California until April 21, 1911, when on May 31, 1911, the Mexican Congress passed an act appropriating 15,000,000 pesos to pay all direct loss and damage caused by the revolutionary army upon private property. Under the provisions of the act the Sonora Railway and the Southern Pacific Railroad of Mexico have filed claims, which are now pending before the commission. These claims amount to 288,118,740 pesos."

NORFOLK AND WESTERN BONDS. Directors' Offer to Stockholders to Subscribe to New Issue.

Directors of the Norfolk and Western Railway Company have voted to offer stockholders the right to subscribe at par to 4 per cent convertible bonds to an amount equal to one-eighth of their holdings of common stock in the company. Subscriptions must be between February 27 and March 1, 1912, inclusive. The bonds will be a twenty year maturity running to September 1, 1932, and will be convertible at par at the holder's option at any time before September 1, 1912, into common stock of the company. Subscription warrants will be issued early in February.

Subscriptions will be payable in two installments, one-half between February 27 and March 1 and the other half between September 3 and 6. Bonds will then be delivered for subscriptions of \$1,000 and multiples thereof. If a stockholder will be delivered for subscription in full amounts. The amount of the new issue of debentures will be more than \$1,000,000. It is expected that improvements during 1912 and 1913.

METROPOLITAN WINDUP. End of the Railroad Receivership Approved by the Court.

The receivership of the Metropolitan Street Railway Company was terminated formally yesterday when Judge Lacombe in the United States Circuit Court signed an order approving of the assignment and delivery of the road's property to the New York City Railway Company, the title of the new corporation.

The Public Service Commission adopted a resolution granting permission to the New York City Interborough Railway Company to construct and operate a street car line from 131st street to Lenox avenue to the easterly side of Broadway. This will give the company a continuation of its lines from the bridge over the Harlem River across Broadway to Broadway. The company recently obtained a franchise for such an extension from the Board of Estimate and Apportionment. The Metropolitan Street Railway Company has been operating cars over 145th street between Lenox avenue and Broadway for several years.

FINANCIAL NOTES. The Baltimore and Ohio Railroad Company.

The Baltimore and Ohio Railroad Company reports for the first six months of the year 1911. Total operating revenue \$46,822,000. Total operating expenses \$42,000,000. Net operating revenue \$4,822,000. Total operating revenue \$46,822,000. Total operating expenses \$42,000,000. Net operating revenue \$4,822,000.

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THE CURB MARKET. The new stock of the Lehigh Valley Coal Sales Company was dealt in yesterday.

When issued to the extent of about 15,000 shares, the opening quotation was practically at a reaction to 198. The close was at 197. This furnished the only noteworthy feature of the day. Business in other quarters proceeded in a desultory manner, with a rather irregular tone to prices. British-American Tobacco attracted a certain amount of speculative interest during the first hour of business, but fluctuations were narrow and the closing quotation practically unchanged. Circuit copper receded slightly, as did also the new Inspiration Consolidated Company. Small net losses were recorded by American Tobacco, ex subsidiaries, and several of the other large industrial corporations in detail in the market yesterday were as follows:

Table of Curb Market prices for various stocks, including columns for Stock Name, Bid, High, Low, and Close.

CURB STOCKS CLOSING.

Table of curbing stocks closing prices, including columns for Stock Name, Bid, Ask, and Last.

RAILROAD EARNINGS.

Table of railroad earnings, including columns for Railroad Name, 1911, 1910, and % Change.

FINANCIAL NOTES.

Table of financial notes, including columns for Company Name, 1911, 1910, and % Change.